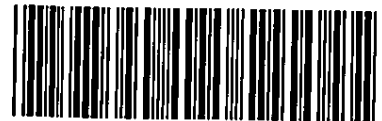


THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS
(EUROPEAN DISTRIBUTION) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2008

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Company Registration Number : 1119344

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (EUROPEAN DISTRIBUTION) LIMITED

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THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (EUROPEAN DISTRIBUTION) LIMITED

DIRECTORS AND OFFICERS
for the year ended 31 December 2008

DIRECTORS

T Spallino	Retired	21 February 2008
P Berkhahn		
C Jolliffe	Retired	10 December 2008
MB Robertson	Appointed	21 February 2008
GW Reeves	Appointed	10 December 2008

COMPANY NUMBER

1119344 (England and Wales)

REGISTERED OFFICE

751 Warwick Road
Solihull
West Midlands
B91 3DQ
England

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Donington Court
Pegasus Business Park
Castle Donington
East Midlands
DE74 2UZ
England

BANKERS

HSBC
34 Poplar Road
Solihull
B91 3AF
England

Bank of America
26, Elmfield Road
Bromley
Kent
BR1 1WA
England

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (EUROPEAN DISTRIBUTION) LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2008

The directors submit their annual report and the audited financial statements of The Church of Jesus Christ of Latter-day Saints (European Distribution) Limited, Company number 1119344, for the year ended 31 December 2008.

LEGAL AND ADMINISTRATIVE INFORMATION

The Church of Jesus Christ of Latter-Day Saints (European Distribution) Limited is a private limited company.

BRANCHES

As at the 31 December 2008 the Company had a branch in Germany. It had previously had branches in Denmark and Sweden which were sold on 31 December 2008.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the Company during 2008 were the retailing of clothing, CDs, curriculum and magazines, operating cafeterias, provision of accommodation for patrons and other activities on behalf of The Church of Jesus Christ of Latter-day Saints in the United Kingdom and Ireland from locations in the United Kingdom. There are no retail centres in Ireland.

The company also operates in Germany and operated in Denmark and Sweden until 31 December 2008. The activities in the branches are the same as the UK Head Office serving customers in mainland Europe.

The UK branch finished the year in a profitable position. This was primarily due to a large increase in the amount of grant income received.

The German branch finished the year in a loss-making position. This was primarily due to a large reduction in the level of grant income received and the effects of a decline in the world economy.

KEY PERFORMANCE INDICATORS

The key performance indicators and the corresponding results are illustrated in the following table:

Key Performance Indicator	2008	2007	Reasons
(Decrease)/growth in sales	-4%	7%	Inflationary effects on costs and reduced demand
Return on sales	-23%	-21%	Grant income increased but greater increase in costs
(Decrease)/increase in Cash Flow	-£2,447,288	£3,554,767	2008 increase in parent loans, 2007 share capital issue

RESULTS

The loss of the company for the year was £1,539,643 (2007: loss of £1,373,530).

The directors do not recommend the payment of a dividend (2007: £nil), which leaves an accumulated deficit of £12,436,657 (2007: £10,897,014) to be carried forward.

Assurances of continued financial support have been received from the Corporation of the Presiding Bishop.

DIRECTORS' REPORT

for the year ended 31 December 2008 (continued)

FUTURE DEVELOPMENTS

The company is expected to become dormant from 1 January 2010 or soon after. This follows the sale of all of the branches and the transfer of the trading activity. The Swedish and Danish branches were sold on 31 December 2008. The trading operations of the United Kingdom head office were disposed on 20 May 2009. The retail business of the German branch was sold on 31 August 2009 and distribution hub and warehouse operations of the German branch were sold on 31 October 2009.

DIRECTORS

The directors who served during the year and up to the date of signing the financial statements were:-

P Berkhahn		
T Spallino	Resigned	21 February 2008
C Jolliffe	Resigned	10 December 2008
MB Robertson	Appointed	21 February 2008
GW Reeves	Appointed	10 December 2008

None of the directors had, at any time during the year, a beneficial interest in the share capital of the company. None of the directors have qualifying third party indemnity insurance.

HUMAN RESOURCES

The company has the policy of ensuring that its employees are those that are able to meet the necessary requirements of their position and are up to date on any developments required for their position. This is achieved in a variety of ways:

Applications for new positions in the company are invited from anyone with the relevant qualifications - the key emphasis is on their ability to meet the requirements of the position although the application form does request the applicant to mention if they have any illnesses or medical condition which the employer would need to be aware of in order to make reasonable adjustments should they be successful.

The company utilises regular staff meetings during the year which help to ensure that the employees' input is received regarding any decisions which affect their interests. In addition there are websites and e-mail facilities available to enable more effective communication and training. This helps to ensure that employees receive systematic updates on matters concerning them as employees and ensures their involvement in relation to the financial and economic factors that affect the performance of the company.

In addition, the company is mindful of the need to cater for those with disabilities. Where any employees become incapacitated during their employment they are entitled to receive long term disability benefits from the company. Where an employee becomes disabled but not incapacitated, the employer will make any reasonable adjustments necessary. On training and career development issues, there is no distinction made between disabled and non-disabled employees. The same opportunities are available to all staff, irrespective of disability. The key emphasis is on technical ability of each employee.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (EUROPEAN DISTRIBUTION) LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2008 (continued)

FINANCIAL RISK AND MANAGEMENT

The following statements summarise the company's policy in managing identified forms of financial risk:

Price risk

The company negotiates grants awarded to finance the company's activities and incorporates this information into its business plans. Salary costs are communicated to staff during the formal annual review of salaries. Prices of materials purchased are subject to contracts with suppliers, based on current market prices.

Credit risk

Credit risk on amounts owed to the company by its customers is low, as the customers are almost entirely church members.

Liquidity risk

The company has no long term borrowings. The parent company has confirmed their financial support to the extent and as long as there exist a deficiency of shareholders' funds.

Interest rate cash flow risk

The company is able to place surplus funds on short term deposit account with the company's bankers as required.

In addition the trustees have a risk management strategy which encompasses the following:

- an annual review of the risks the company may face;
- the establishment of systems and procedures to mitigate those risks identified in the plan;
- the implementation of procedures designed to minimise any potential impact on the company should those risks materialise.

The primary risk the company faces is the fact that sales are primarily to members of the Church but the parent company has confirmed its future financial support as and when needed.

POST BALANCE SHEET EVENTS

On 30 May 2009, the trading operations of the United Kingdom head office were transferred to The Church of Jesus Christ of Latter-day Saints (Great Britain), "GB" a company also under the ownership of The Corporation of The Presiding Bishop of The Church of Jesus Christ of Latter-Day Saints "CPB", incorporated in the state of Utah, United States of America. This transfer was made free of charge and comprised the following values:

	Transferred to GB £	Retained in company £	Total Balance sheet at 30 May 2009 £
Bank and cash	950	123,875	124,825
Investment account	-	300,057	300,057
Investment in German Branch	-	9,897,288	9,897,288
Fixed Assets at net book value	46,332	-	46,332
Inventory	249,499	-	249,499
Debtors	20,442	48,218	68,660
Creditors and deferred income	(110,650)	(73,514)	(184,164)
	<u>206,573</u>	<u>10,295,924</u>	<u>10,502,497</u>

On 31 August 2009 the two Temple retail shops operated by the German Branch were sold to Kirche Jesu Christi der Heiligen der Letzten Tage an Association (KorperSchaft) established under the laws of the State of Hesse, Federal Republic of Germany. At the time of signing these accounts the values associated with this transaction are still being calculated.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (EUROPEAN DISTRIBUTION) LIMITED

DIRECTORS' REPORT

for the year ended 31 December 2008 (continued)

POST BALANCE SHEET EVENTS (continued)

On 31 October 2009 the German distribution hub and German warehouse operations were sold to The Corporation of The Presiding Bishop of The Church of Jesus Christ of Latter-Day Saints "CPB", incorporated in the state of Utah, United States of America. At the time of signing these accounts the values associated with this transaction are still being calculated.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT ON DISCLOSURE OF INFORMATION TO THE AUDITORS

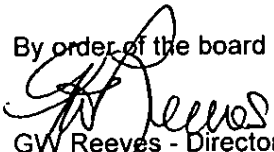
So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware.

Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

INDEPENDENT AUDITORS

The Company has elected, in accordance with section 386 of the Companies Act UK 1985, to dispense with the obligation to appoint auditors annually.

By order of the board


GW Reeves - Director
Date: 5 January 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (EUROPEAN DISTRIBUTION) LIMITED

We have audited the financial statements of The Church of Jesus Christ of Latter-day Saints (European Distribution) Limited which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Accounting Policies and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the the Annual Report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises the Directors' Report and all of the information listed in the contents page. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

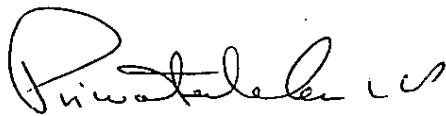
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THE CHURCH OF JESUS
CHRIST OF LATTER-DAY SAINTS (EUROPEAN DISTRIBUTION) LIMITED (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 December 2008 and of its loss and cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
East Midlands
Date: 5 January 2010

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (EUROPEAN DISTRIBUTION) LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31st December 2008

	Notes	2008 Discontinued activities £	2008 Continuing activities £	2008 Total £	2007 Discontinued activities £	2007 Continuing activities £	2007 £
TURNOVER	1	222,811	6,342,477	6,565,288	170,500	6,694,378	6,864,878
Cost of sales		<u>(177,276)</u>	<u>(4,372,520)</u>	<u>(4,549,796)</u>	<u>(112,846)</u>	<u>(5,026,779)</u>	<u>(5,139,625)</u>
GROSS PROFIT		45,535	1,969,957	2,015,492	57,654	1,667,599	1,725,253
Operating expenses	2	<u>(196,125)</u>	<u>(3,844,838)</u>	<u>(4,040,963)</u>	<u>(168,566)</u>	<u>(2,577,398)</u>	<u>(2,745,964)</u>
OPERATING LOSS		(150,590)	(1,874,881)	(2,025,471)	(110,912)	(909,799)	(1,020,711)
Profit on sale of Swedish and Danish Branches	6			63,929			-
Net grant income/(expense)				360,239			(405,381)
Interest receivable and similar income	3			61,660			2,562
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4			<u>(1,539,643)</u>			<u>(1,423,530)</u>
Tax on loss on ordinary activities	7			-			50,000
LOSS FOR THE FINANCIAL YEAR				<u>(1,539,643)</u>			<u>(1,373,530)</u>

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

The notes on pages 11 to 21 form part of these financial statements.

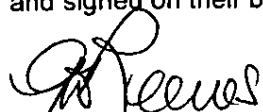
There is no material difference between the loss on ordinary activities before taxation and the loss for the financial years stated above and their historical cost equivalents.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (EUROPEAN DISTRIBUTION) LIMITED

BALANCE SHEET
as at 31st December 2008

	Note	2008 £	2007 £
FIXED ASSETS			
Tangible assets	8	<u>212,591</u>	<u>282,590</u>
CURRENT ASSETS			
Stock	9	2,320,478	2,143,224
Debtors	10	1,022,195	398,024
Cash at bank and in hand	16	<u>1,730,804</u>	<u>4,178,092</u>
		5,073,477	6,719,340
CREDITORS			
Amounts falling due within one year	11	<u>(1,722,725)</u>	<u>(1,898,944)</u>
NET CURRENT ASSETS		<u>3,350,752</u>	<u>4,820,396</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,563,343</u>	<u>5,102,986</u>
NET ASSETS		<u>3,563,343</u>	<u>5,102,986</u>
CAPITAL AND RESERVES			
Called up share capital	12	16,000,000	16,000,000
Profit and loss account	13	<u>(12,436,657)</u>	<u>(10,897,014)</u>
TOTAL SHAREHOLDERS' FUNDS	14	<u>3,563,343</u>	<u>5,102,986</u>

The financial statements on pages 8 to 21 were approved by the board on 5 January 2010
and signed on their behalf by:


GW Reeves - Director
Date: 5 January 2010

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (EUROPEAN DISTRIBUTION) LIMITED

CASH FLOW STATEMENT

for the year ended 31 December 2008

	2008 £	2007 £
Reconciliation of operating deficit to net cash outflow from operating activities		
Continuing operations:		
Operating loss	(1,874,881)	(909,799)
Depreciation	67,580	62,479
Loss on disposal of fixed assets	8,466	-
(Increase)/decrease in stock	(246,281)	361,502
Decrease in debtors	155,909	114,407
Increase in creditors	1,318,389	1,324,204
Grant income/(expense)	360,239	(409,502)
Net cash (outflow)/inflow from continuing operations	(210,579)	543,291
Discontinued operations:		
Operating loss	(150,590)	(110,912)
Depreciation	2,295	2,003
Decrease/(increase) in stock	19,885	(22,440)
Decrease in debtors	-	1,731
(Decrease)/increase in creditors	(19,494)	76,085
Grant income	-	4,122
Net cash outflow from discontinued operations	(147,904)	(49,411)
Net cash (outflow)/inflow from operating activities	(358,483)	493,880
	2008 £	2007 £
Net cash (outflow)/inflow from operating activities	(358,483)	493,880
Taxation	-	50,000
Capital expenditure:		
Purchase of tangible fixed assets	(21,175)	(19,066)
Financing:		
Share capital issue	-	3,027,391
Interest income	61,660	2,562
Parent loans	(2,065,311)	-
Disposal of branches:		
Disposal of bank balances in branches	(63,979)	-
Increase in cash	(2,447,288)	3,554,767
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS		
	Notes	
	2008 £	2007 £
(Decrease)/increase in cash in the year	(2,447,288)	3,554,767
Net funds at 1 January	4,178,092	623,325
Net funds at 31 December	16 1,730,804	4,178,092

ACCOUNTING POLICIES

for the year ended 31 December 2008

BASIS OF ACCOUNTING

The financial statements are prepared in compliance with the Companies Act 1985 and with applicable accounting standards in the United Kingdom and under historical cost convention. The following accounting policies have been applied consistently in dealing with items which we considered material in relation to the company's financial statements.

GOING CONCERN

The ultimate parent company has undertaken to continue its financial support of the company to the extent of, and as long as there exists a deficiency of shareholders' funds, and for at least the next twelve months from the approval of the financial statements.

CONSOLIDATION OF GERMAN, SWEDISH AND DANISH BRANCH

For the purpose of reporting in these financial statements, the profit and loss accounts, cash flows and balance sheets of the German, Swedish & Danish branches have been consolidated with those of the Head office operations which cover the UK and Ireland.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of goods sold and services provided to customers recognised on an accruals basis.

FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are shown at original purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Individual fixed assets costing £5,000 or more are capitalised at cost. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Plant and machinery	10%
Fixtures and fittings	10%

GRANT INCOME/EXPENSE

Grant income/expense arises entirely from the forgiveness of intercompany balances to and from the parent company.

OPERATING LEASES

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the statement of financial activities on a straight line basis over the lease term.

FOREIGN CURRENCY TRANSLATIONS

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and non monetary assets and liabilities at historical rates. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account in the year in which they arise.

DEFERRED TAXATION

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date. Deferred tax assets are only recognised when it is considered more likely than not that there will be suitable taxable profits from which the future reversal of any underlying timing differences can be deducted. Timing differences arise between the company's taxable profit and its results as stated in the financial statements. Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse. Deferred tax is measured on an undiscounted basis.

ACCOUNTING POLICIES

for the year ended 31 December 2008 (continued)

PENSION CONTRIBUTIONS

The Head office is a member of a multi-employer Deseret UK Benefit Plan that is of a defined benefit type and retirement benefits are payable through a separately funded UK pension scheme. The company has followed the requirements of Financial Reporting Standard Number 17, Retirement Benefits and as the company is unable to identify its share of the underlying assets and liabilities of the scheme it is accounted for as a defined contribution scheme. Full details of the plan are provided in the financial statements of The Church of Jesus Christ of Latter-day Saints (Great Britain).

The Company participates in a multi employer defined benefit scheme for its German branch which was acquired on 1 January 2003. The company is unable to identify its share of the German scheme's assets and liabilities and has followed the requirements of Financial Reporting Standard Number 17, Retirement Benefits. The company is responsible for pensionable commitments from the acquisition date and contributions to the pension scheme are charged to the profit and loss account in the year in which they are payable. Prior pensionable commitments remain with Kirche Jesu Christi der Heiligen der Letzten Tage, an Association established under German law who are obliged to fund any resulting deficiency. Accordingly the scheme is accounted for as a defined contribution scheme.

The Company participates in a defined contribution scheme for its Swedish branch. The Company has accounted for pensionable commitments from the acquisition date and contributions to the pension scheme are charged to the profit and loss account in the year in which they are payable.

None of the employees in the Danish Branch are members of a company pension scheme.

STOCKS

Stocks are valued at the lower of cost (determined under a weighted average method) and net realisable value. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008

	2008 Discontinued activities £	2008 Continuing activities £	2008 Total £	2007 Discontinued activities £	2007 Continuing activities £	2007 Total £
1. TURNOVER						
Analysed by geographic area						
United Kingdom and Republic of Ireland	-	1,433,159	1,433,159	-	1,531,570	1,531,570
Germany	-	4,909,318	4,909,318	-	5,162,808	5,162,808
Sweden	172,282	-	172,282	128,658	-	128,658
Denmark	50,529	-	50,529	41,842	-	41,842
	<u>222,811</u>	<u>6,342,477</u>	<u>6,565,288</u>	<u>170,500</u>	<u>6,694,378</u>	<u>6,864,878</u>
Turnover comprises sales of religious, educational and administrative materials.						
2. OPERATING EXPENSES						
Distribution costs	75,776	1,021,301	1,097,077	55,186	1,126,037	1,181,223
Administration expenses	<u>120,349</u>	<u>2,823,537</u>	<u>2,943,886</u>	<u>113,380</u>	<u>1,451,361</u>	<u>1,564,741</u>
	<u>196,125</u>	<u>3,844,838</u>	<u>4,040,963</u>	<u>168,566</u>	<u>2,577,398</u>	<u>2,745,964</u>
3. INTEREST RECEIVABLE AND SIMILAR INCOME						
Bank interest on short-term deposits			<u>61,660</u>			<u>2,562</u>
			2008 Total			2007 Total
4. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION						
This is stated after charging/(crediting):						
Depreciation on owned assets			69,875			64,482
Loss on sale of fixed assets			8,466			-
Operating lease						
- other than plant and machinery			281,028			240,486
Services provided by the company's auditor						
- Fees payable for audit			86,374			36,213
- Fees payable for other services - tax compliance			30,627			-
Exchange loss/(gain)			<u>69,090</u>			<u>(26,929)</u>

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2008 (continued)

	2008 £	2007 £
5. STAFF COSTS		
Staff costs, including directors' remuneration, were as follows:-		
Wages and salaries	1,290,877	1,189,724
Social security costs	181,274	170,112
Pension and other benefits	287,268	243,486
	<u>1,759,419</u>	<u>1,603,322</u>

The average monthly number of employees, including directors, during the year was as follows:

	Number	Number
Office and management	24	31
Other	25	29
	<u>49</u>	<u>60</u>

DIRECTORS' REMUNERATION

	2008 £	2007 £
Aggregate emoluments	-	-
Contributions paid by the company to its pension schemes in respect of directors	-	-

The Company made no payments for compensation of loss of office.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008 (continued)

6. SALE OF SWEDISH AND DANISH BRANCHES

Effective 31 December 2008, the business and the assets and liabilities of the Swedish Branch were sold to Jesu Kristi Kyrka av Sista Dagars Heliga, a church organised and registered under the laws of Sweden. The consideration for the transaction was calculated to equal the estimated fair value of the assets and liabilities at 31 December 2008. The final book value of the branch was £57,051 less than the value calculated at the time of the sale due to exchange rate movements of £121 and accounting adjustments of -£57,172. The accounting adjustments comprised an adjustment to the stock valuation and the recognition of deferred income on magazine subscriptions. The transaction is summarised as follows:

	Value in sale agreement £	Adjustment and exchange movement £	Final book value £
Assets and liabilities sold:			
Bank and cash balances	15,648	756	16,404
Stock	27,396	(3,034)	24,362
Fixed assets at net book value	7,001	(403)	6,598
Creditors and deferred income	<u>(3,823)</u>	<u>(54,370)</u>	<u>(58,193)</u>
Net asset value	46,222		(10,829)
Consideration received in cash in January 2009	<u>46,222</u>		<u>46,222</u>
Profit on sale	-		<u>(57,051)</u>

Also effective 31 December 2008, the business and the assets and liabilities of the Danish Branch were sold to Jesu Kristi Kirke Af Sidste Dages Hellige i Danmark, a Danish society. The consideration for the transaction was calculated to equal the estimated fair value of the assets and liabilities at 31 December 2008. The final book value of the branch was £6,878 less than the value calculated at the time of the sale due to exchange rate movements of -£2,072 and accounting adjustments of -£4,806. The accounting adjustments comprised an adjustment to the stock valuation and an adjustment to write off a creditor balance which had been forgiven. The transaction is summarised as follows:

	Value in sale agreement £	Adjustment and exchange movement £	Final book value £
Assets and liabilities sold:			
Bank and cash balances	44,320	3,255	47,575
Stock	37,741	(12,961)	24,780
Fixed assets at net book value	8,501	(2,267)	6,234
Creditors	<u>(11,305)</u>	<u>5,095</u>	<u>(6,210)</u>
Net asset value	79,257		72,379
Consideration received in cash in January 2009	<u>79,257</u>		<u>79,257</u>
Profit on sale	-		<u>(6,878)</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008 (continued)

7. TAX ON LOSS ON ORDINARY ACTIVITIES

	2008 £	2007 £
a) Analysis of credit charge in the year:		
Current tax:		
UK corporation tax on loss of the year	-	(45,567)
Double tax relief	-	45,567
Overseas tax	-	(50,000)
Total current tax	-	(50,000)
Deferred tax:	-	-
Total tax	-	(50,000)

The company has an unrecognised deferred tax asset arising in connection with losses and other timing differences of £3,556,501 (2007: £3,097,782). No deferred tax asset has been recognised in respect of the losses due to the uncertainty over the availability of suitable taxable profits in future periods.

b) Factors affecting the tax credit for the year:

The tax assessed for the year is higher than the standard rate of corporation tax in the United Kingdom (28.5%). The differences are explained below:

	2008 £	2007 £
Loss on ordinary activities	(1,539,643)	(1,423,530)
Loss on ordinary activities multiplied by the standard rate of Corporation tax in the United Kingdom of 28.5% (2007: 30%)	(438,756)	(427,059)
Effect of:		
Expenses not deductible for tax purposes	-	(4,433)
Double tax relief	-	381,492
Accelerated capital allowances/other timing differences	438,756	
Tax credit	-	(50,000)

The standard rate of UK Corporation Tax changed from 30% to 28% with effect from 1 April 2008.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008 (continued)

8. TANGIBLE ASSETS

	Fixtures and Fittings £	Plant and Machinery £	Total £
Cost:			
1 January 2008	64,422	577,824	642,246
Additions	9,758	11,417	21,175
Disposal	(2,347)	(22,370)	(24,717)
Sale of discontinued operations	-	(45,200)	(45,200)
31 December 2008	71,833	521,671	593,504
Accumulated depreciation:			
1 January 2008	53,397	306,259	359,656
Charge for the year	4,563	65,312	69,875
Disposal	(1,793)	(14,457)	(16,250)
Sale of discontinued operations	-	(32,368)	(32,368)
31 December 2008	56,167	324,746	380,913
Net book value:			
31 December 2008	15,666	196,925	212,591
31 December 2007	11,025	271,565	282,590

9. STOCK

	2008 £	2007 £
Finished goods and goods for resale	2,320,478	2,143,224

10. DEBTORS

	2008 £	2007 £
Trade debtors	127,642	105,480
Other debtors	239,952	292,544
Parent company loan	654,601	-
	1,022,195	398,024

All amounts are receivable within one year or have no repayment terms.

The parent company loan to The Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints is interest free, unsecured and there are no repayment terms.

11. CREDITORS: Amounts falling due within one year

	2008 £	2007 £
Other taxation and social security	57,229	71,257
Accruals and deferred income	1,665,496	416,977
Parent company loan	-	1,410,710
	1,722,725	1,898,944

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008 (continued)

12. CALLED UP SHARE CAPITAL	2008 £	2007 £
Authorised: 25,000,000 ordinary shares of £1 each	<u>25,000,000</u>	<u>25,000,000</u>
Allotted & issued 16,000,000 ordinary shares of £1 each	<u>16,000,000</u>	<u>16,000,000</u>
Fully paid up 16,000,000 ordinary shares £1	<u>16,000,000</u>	<u>1,600,000</u>
13. PROFIT AND LOSS ACCOUNT	2008 £	2007 £
Opening balance at the beginning of the year	(10,897,014)	(9,523,484)
Loss for the financial year	<u>(1,539,643)</u>	<u>(1,373,530)</u>
Balance at 31 December	<u>(12,436,657)</u>	<u>(10,897,014)</u>
14. RECONCILIATION OF MOVEMENTS IN TOTAL SHAREHOLDERS' FUNDS	2008 £	2007 £
Opening shareholders' funds at the beginning of the year	5,102,986	3,449,125
Issue of share capital	-	3,027,391
Loss for the financial year	<u>(1,539,643)</u>	<u>(1,373,530)</u>
Closing shareholders' funds	<u>3,563,343</u>	<u>5,102,986</u>

Shareholders' funds relate entirely to equity interests.

15. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is solely owned and controlled by The Corporation of The Presiding Bishop of The Church of Jesus Christ of Latter-Day Saints "CPB", incorporated in the state of Utah, United States of America. This is the ultimate parent company and the parent company of the largest and smallest group in which the accounts are consolidated.

CPB have confirmed their continued financial support to the extent and as long as there exists a deficiency of shareholders' funds.

THE CHURCH OF JESUS CHRIST OF LATTER-DAY SAINTS (EUROPEAN DISTRIBUTION) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 2008 (continued)

16. NOTES TO THE CASH FLOW STATEMENT

Analysis of changes in net funds

	At 1 January 2008 £	Cash flow £	Non cash movement £	At 31 December 2008 £
Cash at bank and in hand	4,178,092	(2,447,288)	-	1,730,804

17. RELATED PARTY TRANSACTIONS

During the year, the company purchased religious, educational and administrative materials totalling £913,107 (2007: £1,042,628) from The Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints. At 31 December 2008 £457,197 was owing to The Corporation of the Presiding Bishop of The Church of Jesus Christ of Latter-day Saints and is included in accruals and deferred income in note 11 (2007: £135,017).

Included in turnover are sales totalling £248,480 (2007: £307,000) to The Church of Jesus Christ of Latter-day Saints (Great Britain), a fellow subsidiary undertaking. No amounts were owed at the year end (2007: nil).

Included in turnover are sales totalling £281,633 (2007: £280,895) to the Kirche Jesu Christi der Heiligen der Letzten Tage, Körperschaft (German Church). No amounts were owed at the year end (2007: nil).

Included in turnover are sales totalling £148,725 (2007: £82,338) to the Jesu Kristi Kyrka av Sista Dagars Heliga (Sweden Church). No amounts were owed at the year end (2007: nil).

Included in turnover are sales totalling £56,762 (2007: £52,640) to the Jesu Kristi Kirke af Sidste Dages Hellige i Danmark (Denmark Church). No amounts were owed at the year end (2007: nil).

The company undertakes its principal activities from the temples in London, Preston, Friedrichsdorf and Freiberg and the distribution warehouses in Birmingham and Bad Homburg. The London Temple and the Distribution warehouse are owned by The Church of Jesus Christ of Latter-day saints (Great Britain) a fellow subsidiary undertaking, and no rent is charged by it to the company. During the year the company also conducted its principal activities from the temples in Copenhagen and Stockholm but this ceased when this part of the business was sold on 31 December 2008.

The Preston Temple is owned by The Church of Jesus Christ of Latter-day Saints (Welfare) Limited, a fellow subsidiary undertaking and a charge of £10,000 per annum is charged for the rental of the commercial space occupied at this site.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008 (continued)

18. PENSION AND OTHER POST EMPLOYMENT COMMITMENTS

The Head office participates in a pension scheme operated by the Church of Jesus Christ of Latter-day Saints (Great Britain), the Deseret UK Benefit Plans ("the Plan"). The Plan is of the defined benefit type and is funded by contributions from the participating companies and their employees at rates determined by independent actuaries in the light of regular valuations. Such contributions are held in trustee-administered funds completely independent of group finances.

The most recent triennial valuation of the Plan, using the projected unit basis as at 31 December 2005, showed that the value of the Plan's assets was 97% of the value of the benefit accrued to members after allowing for future increases to earnings.

In order to produce the 2008 disclosures required under Financial Reporting Standard Number 17 a full valuation as at 31 December 2008 has been updated by an independent qualified actuary. The Plan deficit at 31 December 2008 under Financial Reporting Standard Number 17 was £1.37 million (2007: surplus £4.78 million)

Full disclosure of the valuation is shown in the accounts of The Church of Jesus Christ of Latter-day Saints (Great Britain). The company has accounted for the Plan as if it were defined contribution schemes because it is not feasible to split the assets and liabilities of the scheme between all the companies whose employees are members. Contributions to the scheme for 2008 were £95,850 (2007: £91,334).

On 30 May 2009, the company ceased to be a participant in the Plan. Under advice from the Plan's actuaries a payment of £437,400 was made by the company to the Plan in respect of all future liabilities for pension benefits for company employees and past employees of the company.

The Company also participates in another defined benefit scheme for its German branch. The company is unable to identify its share of the German scheme's assets and liabilities. The Company is responsible for pensionable commitments from the acquisition date and contributions to the pension scheme are charged to the profit and loss account in the year in which they are payable. Prior pensionable commitments remain with Kirche Jesu Christi der Heiligen der Letzten Tage, an Association established under German law who are obliged to fund any resulting deficiency. The company is not legally responsible for the past pensionable commitments. The charge for German Branch pension costs in 2008 was £155,072 (2007: £142,769).

The Company participates in a defined contribution scheme for its Swedish branch. The charge for Swedish Branch pension costs in 2008 was £5,192 (2007: £1,743). None of the employees in the Danish Branch are members of a company pension scheme.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2008 (continued)

19. FINANCIAL COMMITMENTS

At 31 December, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings	
	2008	2007
	£	£
Operating lease expiring after 5 years	<u>280,719</u>	<u>240,487</u>

20. POST BALANCE SHEET EVENTS

On 30 May 2009, the trading operations of the United Kingdom head office were transferred to The Church of Jesus Christ of Latter-day Saints (Great Britain), "GB" a company also under the ownership of The Corporation of The Presiding Bishop of The Church of Jesus Christ of Latter-Day Saints "CPB", incorporated in the state of Utah, United States of America. This transfer was made free of charge and comprised the following values:

	Transferred to GB	Retained in company	Total Balance sheet at 30 May 2009
	£	£	£
Bank and cash	950	123,875	124,825
Investment account	-	300,057	300,057
Investment in German Branch	-	9,897,288	9,897,288
Fixed Assets at net book value	46,332	-	46,332
Inventory	249,499	-	249,499
Debtors	20,442	48,218	68,660
Creditors and deferred income	<u>(110,650)</u>	<u>(73,514)</u>	<u>(184,164)</u>
	<u>206,573</u>	<u>10,295,924</u>	<u>10,502,497</u>

On 31 August 2009 the two Temple retail shops operated by the German Branch were sold to Kirche Jesu Christi der Heiligen der Letzten Tage an Association (KorperSchaft) established under the laws of the State of Hesse, Federal Republic of Germany. At the time of signing these accounts the values associated with this transaction are still being calculated.

On 31 October 2009 the distribution hub and warehouse operations were sold to The Corporation of The Presiding Bishop of The Church of Jesus Christ of Latter-Day Saints "CPB", incorporated in the state of Utah, United States of America. At the time of signing these accounts the values associated with this transaction are still being calculated.